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THE MAIN FEATURES OF THE PRESENT FOREIGN TRADE OF THE UNITED KINGDOM

After years of comfortable satisfaction in its commercial and industrial supremacy, the United Kingdom has suddenly become conscious of the fact that its position is being assailed by the foreigner, and that something must be done to save it. As a result the attention of the English people is absorbed at present in a mighty campaign, the significant feature of which is that it involves the reversal of a time-honored policy of free trade, and the substitution therefor of a discriminative tariff, which, as directed against foreign countries, shall grant preference to the trade within the Empire. As might have been expected, this issue, involving as it does a radical departure from a policy which has virtually attained the character of a creed, has firmly set on foot the "spirit of inquiry." In fact, the most interesting feature of the whole struggle is the activity and zeal with which the discussion is carried on. Both sides to the conflict have within an incredibly short period of time overwhelmed the public with a mass of literature and statistical information, until practically every side of the United Kingdom's foreign trade has been stated over and over again. And yet, despite all that has been written and spoken, there is scarcely any subject concerning which there is greater uncertainty in the public mind.

Those who favor the existing policy of free trade base their action primarily upon the great progress which England has experienced during the last half century. Without entering upon a discussion of the causal connection between this progress and the existing policy, it should, nevertheless, be stated that the development of English trade and industry subsequent to the introduction of free trade presents, on the whole, a case of remarkable progress. Thus during the half century following 1850 the value of Great Britain's import trade has approximately increased by four times, while her export trade has increased nearly three times. Not only has her foreign trade increased more rapidly than her population, but by far the greater part of her colonial trade has been created within this period, the total trade figures in this respect rising from £53,666,588 in 1851 to £210,362,107 in 1901, or an increase of

nearly three times. Similarly, the per capita wealth of the country has approximately doubled and the national income has nearly trebled.¹ British shipping has increased its carrying power by about fourteen times, and has grown in magnitude so as to include over half the tonnage of the world.² Lastly the United Kingdom has become during this period a great creditor country, whose returns upon her capital, now invested in all parts of the globe, are annually swelling her imports to a higher and higher figure.

Time, however, is producing a marked change in the commercial position of the United Kingdom. The field of trade, which was secured to Great Britain by virtue of her naval power and her primacy in the art of modern manufacturing, and which, until recently, was enjoyed by her practically as a monopoly against the outside world, is now being invaded everywhere by commercial rivals equal to her in natural resources, in skill and in industrial organization, and only too eager to dispute her commercial supremacy wherever possible. The great nations of the world, in other words, have succeeded in availing themselves of the very advantages which constituted the source of England's commercial monopoly. The result has been that these nations have placed themselves upon a footing of industrial equality with England. For the first time Great Britain has been forced to face the serious competition of foreign rivals, and for the first time has the element of competition effectively entered the field of international trade.

With this shifting in the position of the United Kingdom in foreign trade, has gone a corresponding change in public opinion. Despite the great progress which we have noted in Great Britain since 1850, there has developed an influential party which declares that this progress has reached its limit, and which sees in the near future the possibility of England losing her position of first place in the world's markets through the successful competition of her rivals. It is held by this party that the English home market is not only unprotected to-day against the importation of foreign goods, but, also, that her foreign trade is being restricted from year to year by constantly rising tariffs; that there is even danger of England losing ground in the neutral markets of the world. In

¹ Mr. G. Armitage-Smith, "The Free-trade Movement and Its Results," p. 140.

² *Ibid.*, p. 136.

brief, British trade is characterized as "stagnant" and even "retrogressive." No hope is offered to anticipate any change for the better under present conditions. The United Kingdom, it is claimed, being bound hand and foot by her present fiscal policy, is rendered powerless to counteract the numerous evil tendencies which are revealing themselves in her foreign trade.

To determine, if possible, the extent to which these claims are justified will be the principal object of this paper. And in attempting this we shall confine ourselves almost entirely to an analysis of the statistics contained in the official Blue-Books and in the "Memoranda, Statistical Tables and Charts prepared in the British Board of Trade." We shall allow the facts as presented in these sources to assist us in giving, first, a brief analysis of the extent and salient features of British trade as it exists to-day; and, secondly, a statistical presentation of the tendencies of the foreign trade of the United Kingdom in its relation, first, to the colonies and possessions; secondly, to the principal protected nations; and thirdly, to the free-trade area.

Analysis of Great Britain's Import and Export Trade.

To understand fully the commercial position of the United Kingdom to the outside world it is essential that we first clearly understand the nature of her trade. For the purpose of acquiring this information the trade statistics of any recent year may be analyzed to advantage, preferably those of 1900, since the details for that year have been most carefully worked out. In examining, then, the statistics for this particular year, three principal features of British trade force themselves upon our attention, namely, first, the great preponderance of British imports over exports; secondly, the great extent to which the United Kingdom is an importer of food and raw material, and an exporter of manufactured produce; and, thirdly, the relatively small importance of Great Britain's imperial trade as compared with her foreign trade. These three characteristics take precedence over all others, and must be constantly borne in mind if we are to judge correctly the needs of the United Kingdom in her commercial relation to foreign countries.

Turning our attention first to the excess of imports over exports, we find that the aggregate value of imports into the United

Kingdom in 1900 amounted to £523,000,000, while the aggregate value of the exports, not including the £63,000,000 of re-exports of imported produce, amounted to but £291,000,000. This enormous difference between imports and exports commands our special attention when we reflect that the annual difference has been large for over half a century, and that, on the whole, despite variations in individual years, this difference has been a constantly increasing one. Thus, for example, it is found that the proportion of exports to imports has gradually declined from 66.9 per cent in the period 1854-1858, to only 52.8 per cent in 1899-1902. Furthermore, if we divide the forty-eight years, 1854-1902, into five-year periods, and then take the annual average of imports for each respective period, we shall find that with the exception of the years 1884-1888 each period shows a decided increase over the preceding one, the successive gains being as follows:³

	Total Imports (million £).	Percentage Increase.
1854-58.....	163.8	
1859-63.....	216.2	32
1864-68.....	282.2	30
1869-73.....	331.	17
1874-78.....	376.4	14
1879-83.....	402.2	7
1884-88.....	372.2	decrease, 7
1889-93.....	422.4	14
1894-98.....	437.8	3
1899-02.....	514.5	18

The total exports, on the other hand, increased rapidly in money value prior to the years 1872 and 1873. Subsequent to these years, however, no material advance occurred, on the whole, until the years 1899 and 1900, when the South African War and the Indian Famine caused the exports of British produce to reach a higher money value than ever before. Taking into account, however, the general decline in prices during the last thirty years, we would need to increase both imports and exports by probably some 30 per cent or more, thus showing an enormous increase in the imports of the United Kingdom, as well as a substantial increase

³ "Memoranda, Statistical Tables, and Charts prepared in the British Board of Trade on British and Foreign Trade," 1903, p. 5.

in the exports.⁴ Considered for the last ten years, the annual excess of imports of merchandise, bullion, and specie over exports has averaged £161,000,000,⁵ varying during this period from a minimum of £132,000,000 in 1893 to a maximum of £184,000,000 in 1902.

The explanation for this enormous excess is found in the fact that England holds the position of a creditor country, whose claims upon the outside world in the form of profit from foreign investments and payment for services are received in the form of imports. Thus England has loaned money to her colonies and to foreign countries for industrial and military purposes, the returns upon which are estimated by the British Board of Trade to greatly exceed £62,500,000.⁶ Next we must consider the profit going to persons engaged in international trade, and this has been variously estimated at £40,000,000.⁷ England is also the center for marine insurance and international banking, and receives commissions from these sources variously estimated at £18,000,000.⁸ To these enormous returns we must further add the earnings of the British carrying trade, now by far the greatest in the world and estimated at approximately £90,000,000,⁹ and also the returns sent to England in the form of salaries, pensions and annuities received by her citizens abroad. Other items of smaller importance, no doubt, exist, which, together with those already mentioned, furnish an ample explanation for the excess of imports over exports. Indeed, the balance is again partly restored by the fact that England is constantly exporting more money as investments, in 1902 to the extent of over £57,000,000,¹⁰ to her possessions and to foreign countries.

Equally important to Great Britain's position as creditor nation to the outside world is her increasing dependence upon the outside world for her food supply. In fact, the United Kingdom, owing to the increase of her population and the development of her

⁴ Mr. A. Sauerbeck, for example, has calculated that British prices of commodities were 32 per cent lower in 1899 than for the period 1867-1877.

⁵ "Memoranda, Statistical Tables and Charts prepared in the British Board of Trade on British and Foreign Trade," 1903 p. 99.

⁶ *Ibid.*, p. 103. Sir Robert Giffen has estimated that Great Britain receives in interest and profits about £90,000,000. "Journal Royal Statistical Society," 1899, p. 35.

⁷ Mr. Harold Cox, "The United Kingdom and Its Trade," 1902, p. 33.

⁸ Sir Robert Giffen, "Journal of the Royal Statistical Society," 1899, p. 35.

⁹ "British Board of Trade Statistics on British and Foreign Trade," 1903, p. 102.

¹⁰ *Ibid.* p. 104.

manufacturing industry, has placed herself in a position of utter inability to supply her inhabitants with her own food products. That this is true can be readily shown by statistics. Thus in 1870 under the most favorable circumstances the total area of land devoted to the raising of wheat reached 4,000,000 acres. In 1900, however, this area had fallen to 1,900,000 acres, or a decrease of 52.5 per cent. Mr. Harold Cox, by assuming that all this land could again be brought back into wheat cultivation with the high average yield of thirty-one bushels per acre, shows¹¹ that the total additional yield to the present amount of home-grown wheat would be but 32,000,000 cwts., while the importation of wheat and wheat meal into the United Kingdom in 1900 amounted to 98,000,000 cwts., or three times as much as could possibly be procured by more than doubling the wheat area now under cultivation.

Still more marked does this dependence of the United Kingdom upon the outside world for her supply of food become, when we examine the import and export statistics themselves. From these it appears that while the home production of wheat and wheat flour has decreased from an annual average yield of 39,100,000 cwts. in the period 1885-1887 to 29,700,000 cwts. in the period 1900-1902, the importation of such products has, on the contrary, increased

TABLE I.

Wheat and Wheat Flour produced in and imported into the United Kingdom.

(Taken from the "British Board of Trade Statistics on British and Foreign Trade," 1903, Table III, p. 108.)

	1885-1887. Cwts.	1890-1892. Cwts.	1895-1897. Cwts.	1900-1902. Cwts.
(a) Total Quantities:				
Home Production	39,144,392	37,769,969	27,290,694	29,737,100
Imported	76,521,910	89,175,178	93,528,186	102,529,945
(b) Quantities per head of population:				
Home Production	1.1	1.0	0.7	0.7
Imported	2.1	2.4	2.5	2.5
(c) Percentage of Total Quantity:				
Home Production	Per Cent. 33.8	Per Cent. 29.8	Per Cent. 21.7	Per Cent. 22.5
Imported	66.2	70.2	78.3	77.5

¹¹ "The United Kingdom and Its Foreign Trade," 1902, p. 22.

during the same periods from 76,500,000 cwts. to 102,500,000 cwts. Home production of wheat and wheat flour has thus decreased in fifteen years from 33.8 per cent of the total necessary supply to only 22.5 per cent, while the importation has increased from 66.2 per cent to 77.5 per cent or over three-fourths of the total. Stated with reference to the increase of population, the per capita importation of wheat and flour has steadily increased from 1.4 cwts. in 1870-1872 to 2.5 cwts. in 1900-1902. During the same interval the per capita importation of meat and animals for food, the next most important item, has also steadily increased from 14.6 lbs. in 1870-1872, to 30.2 lbs. in 1880-1882, to 41.4 lbs. in 1890-1892, to 56.6 lbs. in 1900-1902. In the first case, that of wheat and flour, the per capita importation has nearly doubled in the last thirty years; while in the case of meat and animals for food it has increased by nearly three times.

Again, extending our examination not merely to the wheat and meat supply, but to the entire food supply, it appears that the United Kingdom has since 1870 increased its imports of food from £91,750,000 in that year to £219,839,229 in 1901, or a per capita increase of from £2 17s. 5d. in the former year to £5 5s. 7d. in the latter. It also appears that in the year 1900 the United Kingdom imported foodstuffs to the extent of £213,036,000, or over 40 per cent of the total imports, and exported such products to the small extent of £15,319,000, thus showing that the United Kingdom not only consumes nearly all her own food products, but is obliged to import fourteen times as much as she is able to export. So also in the case of raw material, the United Kingdom imports over 3.5 times as much as she exports, the figures for imports in 1900 standing at £155,361,000, and for exports at but £43,713,000. In fact, the only item of English trade which tends to turn the balance in favor of the exports is that of manufactured produce. Yet here the preponderance in favor of exports is by no means as great as is the preponderance of food and raw material on the side of her imports. In the case of partly manufactured articles, for example, England imports more than she exports, the figures for 1900 being £38,424,000 for imports and £35,846,000 for exports. Only in the case of finished manufactured goods does the United Kingdom export more than she imports, but even here

her exports of £192,460,000 in 1900 are largely offset by the formidable figure of £104,111,000 for imports.

This large proportion of imported manufactured goods to the exported has an added significance when we observe that the proportion of manufactured exports to the total exports is a constantly decreasing one. The truth of this may be conveniently shown by dividing the thirty-eight years from 1864 to 1902 into five-year periods, and taking the average for each period with a view of comparing the total exports of the United Kingdom with the exports of manufactured or partly manufactured goods. Two striking facts are revealed by such a comparison. First, that the money value of manufactured exports from the United Kingdom has on the whole remained practically constant between the years 1873 and 1899; and, secondly, that the proportion of manufactured exports to the total exports has shown a decrease of from 92.3 per cent in the period 1864-1868 to 81.6 per cent during the years 1899-1902. On the other hand the average annual value of imported manufactures has steadily increased during the same five-year periods from 16.4 per cent of the total imports in the years 1864-1868 to 27.8 per cent during the period 1899-1902.

TABLE II.

The Imports and Exports of the United Kingdom (Merchandise only) compared with the Imports and Exports of Manufactured or Partly Manufactured Goods. ("British Board of Trade Statistics on British and Foreign Trade," 1903, p. 5.)

Annual Average for	Total Im- ports of Mer- chandise. Million £.	Total Im- ports of Man- ufactures. Million £.	Propor- tion of Manufac- tures to Total Imports. Per Cent.	Total Ex- ports of Mer- chandise. Million £.	Total Ex- ports of Man- ufactures. Million £.	Proportion of Manu- factured Exports to Total Exports. Per Cent.
1854-58	163.8	23.9	14.6	109.6	98.9	89.3
1859-63	216.2	32.6	14.9	132.4	120.5	91.0
1864-68	282.2	46.3	16.4	175.0	161.5	92.3
1869-73	331.0	58.6	17.7	224.8	204.2	90.8
1874-78	376.4	75.4	20.0	211.2	189.3	89.6
1879-83	402.2	80.3	20.0	226.2	201.1	88.9
1884-88	372.2	84.6	22.7	223.0	196.9	88.3
1889-93	422.4	98.7	23.3	240.8	208.8	86.7
1894-98	437.8	115.1	26.2	229.8	197.0	85.7
1899-02	514.5	143.1	27.8	271.8	221.8	81.6

In brief, this examination of the three items of food, raw material, and manufactured or partly manufactured produce, leads to the following conclusions:

(1) That the United Kingdom is dependent upon the outside world for a very large percentage of her food and raw material, and that this dependence is an increasing one.

(2) That although manufactured produce constitutes by far the most important item among her exports, the United Kingdom, nevertheless, imports considerably over half as much manufactured produce as she exports.

(3) That the value of her net imports of food and raw material exceeds the value of her gross exports of manufactured or partly manufactured goods by over 40 per cent, and exceeds the value of her net exports of such goods by over three and one-half times; and

(4) That the importation of manufactured produce into the United Kingdom, despite the fact that it already equals over half the exports of such goods, shows a constant proportionate increase, while the exportation of manufactures, on the other hand, shows a constant proportionate decrease.

Great Britain's Trade with her Colonies.

What we are especially interested in is not so much the momentary position of Great Britain's trade, as the dynamic side of it, *i. e.*, we are primarily interested in tendencies. It is essential, therefore, to inquire into the development of British trade in connection with her colonies and possessions, with her protected competitors, and with that portion of the globe which may still be described as a free-trade area. For the sake of convenience we may begin with a discussion of Great Britain's colonial trade. Let us attempt to determine its absolute and relative importance, and to see whether the share of this colonial trade falling to the United Kingdom is becoming proportionately greater or less in extent.

It may be observed in the first place that the trade with her possessions forms but a comparatively small part of the total trade of Great Britain. This appears clearly from an examination of Tables III and IV, which present the total British imports and exports of merchandise during the period 1858 to 1902 as compared with the imports and exports sent to or derived from the colonies.

TABLE III.

The Total Value of Imports of Merchandise into the United Kingdom and the Amount Imported from British Possessions.

[“British Board of Trade Statistics on British and Foreign Trade,” 1903, p. 407.]

Annual Average for	Value of Total Imports of Merchandise. Million £.	Value of Imports from British Possessions. Million £.	Proportion of Imports from Possessions to Total Imports. Per Cent.
1858-60	184.3	40.0	21.1
1861-63	230.6	67.3	29.1
1864-66	280.3	79.6	28.4
1867-69	288.3	66.0	22.8
1870-72	333.0	72.6	21.8
1873-75	371.0	82.3	22.1
1876-78	379.3	84.0	22.1
1879-81	390.3	87.6	22.4
1882-84	410.0	98.0	23.9
1885-87	361.0	83.3	23.0
1888-90	412.0	93.3	22.6
1891-93	421.3	96.3	22.8
1894-96	422.3	94.3	22.3
1897-99	469.0	100.3	21.3
1900-02	524.3	107.3	20.4

TABLE IV.

The Total Value of Exports of Merchandise from the United Kingdom and the Amount Exported to British Possessions.

[“British Board of Trade Statistics on British and Foreign Trade, 1903,” p. 411.]

Annual Average for	Total Exports of Merchandise. Million £.	Value of Exports to British Possessions. Million £.	Proportion of Exports to Possessions to Total Exports. Per Cent.
1858-60	127.6	43.3	33.9
1861-63	132.0	45.0	34.2
1864-66	171.6	51.0	29.7
1867-69	183.3	49.3	26.8
1870-72	226.3	54.3	24.0
1873-75	239.3	69.6	29.0
1876-78	197.6	67.0	33.9
1879-81	216.3	71.6	33.1
1882-84	238.3	83.3	34.9
1885-87	216.0	76.3	35.3
1888-90	248.6	84.6	34.0
1891-93	230.6	77.6	33.6
1894-96	227.3	75.6	33.2
1897-99	240.6	83.6	34.7
1900-02	277.0	101.6	36.6

If we divide the above forty-five years into fifteen periods of three years each, and compare the average annual imports of all merchandise into the United Kingdom during each of these periods with the average annual imports from the colonies, we shall find that, with the exception of the years covering the Civil War, the ratio for these respective periods has varied between the close limits of 20.4 per cent and 23.9 per cent. Indeed, the United Kingdom's imports from the colonies during the last three years, 1900-1902, fell to 20.4 per cent of the total, or a smaller proportion than for either the years 1858-1860 or any succeeding three-year period. Stated in absolute amounts, the value of the total imports of merchandise into the United Kingdom has increased during the forty-five years under consideration from £184,000,000 to £523,000,000, or 184 per cent; while the value of the colonial imports into the United Kingdom has increased from £40,000,000 to £107,000,000, or 167 per cent. There is every reason, therefore, to conclude that only slightly more than one-fifth of British imports of merchandise has been received from the colonies during nearly the whole of the last half century, and that this proportion may be described as practically constant during all this time, with even a slight tendency to decline.

Similar results are obtained by the above process in comparing the total exports of merchandise from the United Kingdom with the portion exported to the colonies. As in the case of imports, so also in the case of exports, the relative value of the colonies has remained practically constant since 1858. By dividing the period 1858-1902 into three-year periods and comparing the average annual exports of Great Britain to her possessions during each of these periods with her total exports, it will be found that as regards twelve of the fifteen periods the ratio has ranged between the close limits of 29 and 35.3 per cent. During the same period the absolute amount of Great Britain's exports of merchandise increased from £127,000,000 to £277,000,000, or by 118 per cent, while the portion exported to the colonies increased from £43,000,000 to £101,000,000, or by 135 per cent. These figures clearly indicate that British exports to the colonies constitute somewhat more than one-third of the total, and that during the last half century there has been but a slight change for the better in the relative value of the colonies to the mother country as a market for her goods.

But while the relative value of the colonies to Great Britain has thus scarcely undergone any change from the standpoint of her total imports and exports, it is still argued that the colonies are of superior importance to Great Britain in that they take from her more than their proportionate share of her produce. That the colonies do take a very disproportionate share cannot be disputed if we compare the per capita consumption of British goods in the leading British colonies with the per capita consumption in the leading foreign countries. Thus in his work on "*Colonial Government*," Professor Reinsch cites the per capita consumption of British goods in West Australia at \$58.98, in all Australia at \$32.87, in Cape Colony at \$22.52, in New Zealand at \$38.81, in Natal at \$17.97, and in Canada at \$8.39; while the per capita consumption of such goods in the United States, Germany and France stands respectively at only \$1.46, \$2.40 and \$2.52.¹² The same author also points out that "Great Britain enjoys 52 per cent of the trade of British Guiana, 62 per cent in Natal, 44 per cent in Canada (33 per cent of imports and 55 per cent of exports), 69.5 per cent in Australia, and 53 per cent in India;"¹³ and concludes that "it has been computed that the per capita consumption of British goods in all the British colonies is \$15.81, while for all non-British countries it is only \$3.64."¹⁴

With reference to the category of manufactures, as distinct from the total exports, the disproportionate value of the colonies as a market for the mother country is also obvious, since they as compared with the rest of the world take approximately 38 per cent of her total exports of such goods. Yet here we must again note that, while the proportion is very high, the relative value of the colonies in this respect is undergoing but a slight change for the better. Thus during the eleven years 1890-1900 the annual proportion of Great Britain's manufactures sent to the colonies has fluctuated between the close limits of 35 and 38 per cent of her total exports of such produce, though the years 1901 and 1902 do indeed show the high proportion of 42 per cent. Nor has any particular class of colonies taken the lead in becoming a market for British manufactures. On the contrary, the general constancy,

¹² Professor P. S. Reinsch, "*Colonial Government*," 1902, p. 64.

¹³ *Ibid.*, p. 63.

¹⁴ *Ibid.*, p. 64.

noted above, applies to the colonies in general. British India, for example, imported less British manufactures in 1902 than in 1890; and her proportion for the last thirteen years has fluctuated between the narrow limits of 13 and 15 per cent of the United Kingdom's total exports of manufactured or partly manufactured goods. The proportion for the self-governing colonies has, likewise, fluctuated during the years 1890-1900 between the extremes of 15 and 18 per cent, and only in 1901 and 1902 has this proportion risen to 21 and 23 per cent respectively. As regards all the other colonies and possessions of Great Britain, the annual proportion of her manufactures sent there during the last thirteen years has varied between the extremely narrow margins of 5 and 6 per cent of her total exports in this respect.

Turning next to a consideration of the value of the colonies as a source of supply, we shall find that here, under present conditions, the United Kingdom can depend upon them for only a comparatively small part of her total necessary imports. Out of a total importation in 1902 of over £36,000,000 worth of wheat and flour, the British colonies contributed but £8,553,000, or less than one-fourth of the total. The United States alone supplied over 60 per cent of the total, and granting an allowance of one-sixth of this amount for Canadian wheat sent through American ports, it still appears that the United States sent nearly twice as much wheat and wheat flour to the United Kingdom as did all the British possessions combined. So also in the case of barley, oats, maize, rice and rice meal the colonies contributed but £1,658,000 of the total imports of £25,863,000, or slightly more than 6.4 per cent, the remainder coming chiefly from Russia, Roumania, Germany and Argentine Republic. Moreover, in the case of meat and animals for food the colonies furnished £8,737,000 worth in 1902, or only 18.5 per cent of the total imports of £47,089,000. The United States, alone, supplied over 55 per cent of this total, or nearly three times as much as did all the British possessions combined. If we now add to these principal classes of food the other leading kinds of food products, such as fish, butter, eggs, cheese, fruit, vegetables, sugar, tea, etc., we have a total importation of such products into the United Kingdom to the extent of £191,164,000, of which the colonies and possessions supplied but £39,195,000, or one-fifth of the total. To this amount

must be added the sum for raw material sent to Great Britain, which in 1902 amounted to £149,183,000, and to which the colonies contributed £42,335,000, or 28.4 per cent of the total. Combining the value of the raw material with the value of the principal articles of food and drink, the United Kingdom imported in 1902 a total of £340,347,000, of which the colonies furnished but £81,530,000, or less than 24 per cent of the aggregate.

The colonies, as compared with foreign countries, have not appreciably increased in value either as a source of supply or as a market for the mother country, and they are fast becoming independent of her as regards their total international trade. Mr. Ireland in his work on "*Tropical Colonization*"¹⁵ has developed this point very clearly. He shows, for example, that during the forty years 1856-95 the total exports of the British colonies have increased from £73,000,000¹⁶ to £257,000,000,¹⁷ while the value of the portion exported to the United Kingdom during the same period has increased from £41,000,000 to £94,000,000. Thus while the total colonial exports have increased by 252 per cent, the portion exported to the United Kingdom has increased only 129 per cent. Expressed in percentages, the decline in the relative importance of the colonial exports to the United Kingdom as compared with their total exports has been a gradual one of from 57.1 per cent in the period 1856-1859 to only 36.6 per cent in the period 1892-1895.

Again, Mr. Ireland shows that the value of the total imports into the colonies has increased during the period 1856-1895 from £83,000,000¹⁸ to £221,000,000¹⁹ or 166 per cent. The imports from the United Kingdom to the colonies, on the other hand, have increased during the same period from £39,000,000 to £72,000,000, or by less than 85 per cent. In this case, like the preceding one, the ratio of the imports from the United Kingdom to the total imports into the colonies has been a gradually decreasing one of from 46.5 per cent in the period 1856-1859 to 32.4 per cent in the period 1892-1895.

If, now, we add to Mr. Ireland's figures the latest available

¹⁵ Mr. Alleyne Ireland, "*Tropical Colonization*," 1899, pp. 97-99, 100-101.

¹⁶ Annual average for the four years, 1856-59.

¹⁷ Annual average for the four years, 1892-95.

¹⁸ Annual average for the four years, 1856-1859.

¹⁹ Annual average for the four years, 1892-1895.

statistics, namely, those for 1901, we shall find that his conclusions have changed to only a limited degree. For this year the total colonial exports amounted to £240,000,000 and the total colonial imports to £255,000,000. The colonial exports to the United Kingdom, on the other hand, amounted to £106,000,000 in 1901, and the colonial imports from the United Kingdom to £104,000,000. Comparing these figures with Mr. Ireland's corresponding figures for 1856, the following conclusions are reached: (1) That during the period 1856-1901 the total colonial imports have increased by £172,000,000, or over 207 per cent, while the colonial imports from the United Kingdom have increased by £65,000,000, or 166 per cent, and (2) That during this same period the total colonial exports have increased by £181,000,000, or nearly 248 per cent, while the portion exported to the United Kingdom has increased by only £65,000,000, or less than 159 per cent.

Great Britain's Trade with Foreign Countries.

In the foregoing pages the discussion has been concerning the trade between Great Britain and her colonial possessions, and there was noted a marked tendency for her to share during the last half century a relatively smaller proportion of their total import and export trade. It now remains to examine briefly into the facts regarding the trade of the United Kingdom with foreign countries, especially with the principal protected countries as distinguished from the unprotected.

Directing attention, then, to a study of the statistical evidence pertaining to this part of Great Britain's foreign trade, one is at once struck by the remarkable change which has occurred in the proportionate distribution of British exports to these respective areas. In 1850, according to the summary presented in the British Board of Trade statistics,²⁰ the proportions stood fifty-six to protected as opposed to forty-four for other markets. Following 1850, however, the proportion sent to the protected markets steadily declined until in 1902 the position had been reversed, the proportions in that year being only forty-two to protected as opposed to fifty-eight for other markets. Also, with reference to the category of manufactured goods, as distinct from the total exports, the change

²⁰ "British Board of Trade Statistics on British and Foreign Trade," 1903, p. 16.

since 1850 has been most remarkable. In that year the proportions, as given in the Board of Trade statistics,²¹ stood fifty-seven to protected as opposed to forty-three for other markets. In 1902, however, the proportions had been reversed to only thirty-eight for protected as opposed to sixty-two for other markets.

Proceeding next to a more detailed examination of the statistics bearing on this phase of our subject, the following two tables must attract special attention as showing the position of Great Britain's export trade to the principal protected foreign countries.²²

*Total Exports of British Produce to the Principal Protected Foreign Countries.*²³

Period.	Average Annual Amount.
1865-1869.....	£81,808,000
1870-1874.....	117,259,000
1875-1879.....	88,494,000
1880-1884.....	99,590,000
1885-1889.....	91,985,000
1890-1894.....	95,032,000
1895-1899.....	94,693,000
1900-1902.....	104,285,000

Exports of British Manufactured or Partly Manufactured Goods to the Principal Protected Foreign Countries.

Period.	Average Annual Amount.
1865-1869.....	£71,778,000
1870-1874.....	101,238,000
1875-1879.....	75,979,000
1880-1884.....	84,922,000
1885-1889.....	77,300,000
1890-1894.....	77,075,000
1895-1899.....	74,100,000
1900-1902.....	75,464,000

A glance at the above tables at once reveals a condition of absolute stagnation in Great Britain's export trade, and even of a decline in view of the rapid progress made by other leading nations. Thus, while Great Britain's exportation of manufactures to the principal protected foreign countries has made practically no advance since the period 1870-1874, every one of the

²¹ Ibid., p. 16.

²² By the "Principal Protected Foreign Countries" as given in the British Board of Trade statistics is meant the following list: Russia, Germany, France, Belgium, Holland, Spain, Portugal, Italy, Austria-Hungary, and the United States.

²³ "Memoranda, Statistical Tables, and Charts" prepared in the British Board of Trade on British and Foreign Trade, 1903, p. 20.

seven great industrial nations of the world, with the exception of Italy, has greatly increased the exports of such goods to the British market. Germany, Belgium and Holland,²⁴ for example, have increased their combined exports of manufactures to the United Kingdom from £37,575,736 in 1890 to £56,528,039 in 1902, or an increase of over 50 per cent. From France such exports to the United Kingdom have increased during the same years from £25,848,006 to £31,071,418, or 20 per cent; in the case of Russia from £2,778,239 to £3,084,804, or over 11 per cent; and in the case of the United States from £10,279,669 to £20,930,627, or an increase of over 100 per cent. In every one of these countries, also, with the exception of Italy, the proportion of the exports of manufactured goods to the total exports to the United Kingdom stood higher in 1902 than in 1890.

But how, on the other hand, has Great Britain fared during the same period as regards her export trade to these industrial nations? The question can be best answered by again citing the facts in each particular case. Germany, Belgium and Holland actually imported £1,777,000 less of British manufactures in 1902 than in 1890. The exports of such goods from the United Kingdom to France, likewise, decreased from £12,537,000 in 1890 to £10,250,000 in 1902, or over 18 per cent; to Italy for the same years from £5,246,000 to £3,578,000, or over 31 per cent; and to the United States from £29,089,000 to £19,468,000, or a decline of over 33 per cent. In Russia, alone, do we find an increase of £1,560,000 during the entire period, yet even in this case there has been a constant decline since 1899 of from £8,030,000 in that year to £6,829,000 in 1902.

Viewing the above statistics in their combined effect, it appears that the average annual exportation of British manufactures to these industrial nations during the last seven years (1896-1902) has actually been less than for the preceding six years (1890-1895) by the sum of £1,901,119. On the contrary, the average annual exportation of British manufactures to the remaining foreign countries has shown an increase of £2,431,071 during the last seven years as compared with the preceding years, 1890-1895. In other words,

²⁴ Holland and Belgium must be placed in the same list with Germany since much of the trade recorded as between the United Kingdom and Holland and Belgium really represents German trade carried on through the ports of Rotterdam and Antwerp.

the almost absolute constancy which has manifested itself in the exportation of British manufactures to foreign countries must be explained by the absolute decline in the exports of such goods to the industrial nations, a decline which has, however, been compensated by a moderate gain in the neutral markets, and by the exceptionally high exports to the colonies in recent years.

But one other feature in the distribution of Great Britain's export trade as between the industrial nations and the other markets of the world still remains to be noted, namely, the change in the proportion of manufactured exports to the total exports. Since 1850, for example, the percentage of British manufactures to the protected colonies of Canada and Victoria varied from 93 per cent of the total exports in that year to 91 per cent in 1900. India has received practically the same proportion during the entire period 1860-1900; while, as regards the neutral countries and colonies, the proportion has fluctuated from 91 per cent in 1850 to 85 per cent in 1900. In the case, however, of the principal protected countries the change has been considerably greater. In 1850 their imports of Great Britain's manufactures amounted to 96 per cent of her total exports to those countries. By 1860 the proportion had fallen to 90 per cent, and in 1870 to 86 per cent. In the succeeding three decades the proportion fell from 85 per cent in 1880 to 83 per cent in 1890, and as low as 72 per cent in 1900. These percentages clearly indicate that while the industrial nations are sending a larger proportion of their total exports to Great Britain in the form of manufactured goods, they in turn are taking a larger proportion of their imports from Great Britain in the form of raw material for the utilization of their own industries.²⁵

Conclusion.

The results of this discussion of the main features of the foreign trade of the United Kingdom may be summarized as follows:

(1) That the annual imports of the United Kingdom, owing principally to her returns on foreign investments and her remuneration for services, vastly exceed her exports. Moreover, that this annual excess of imports over exports has been large for over half a century and is, on the whole, an increasing one.

²⁵ "British Board of Trade Statistics on British and Foreign Trade," 1903, p. 17.

(2) That subsequent to the years 1871-1875 the money value of Great Britain's export trade, despite large variations in individual years, shows scarcely any advance until the years 1899 and 1900, when an unusual increase occurred through the influence exerted by the South African War and the Indian Famine. Considering, however, the general decline in prices during the last quarter of a century, the apparent constancy in Great Britain's export trade becomes in reality a substantial increase.

(3) That the United Kingdom is becoming more and more dependent upon the outside world for her supply of food; and that in this connection she must depend upon sources outside of the empire for practically four-fifths of her total imports.

(4) That the proportion of imported manufactured goods to the total imports into the United Kingdom has shown a constant increase, while the proportion of manufactured exports to the total exports from the United Kingdom has, on the other hand, shown a constant decrease.

(5) That, as compared with foreign countries, the colonies and possessions of Great Britain take approximately 38 per cent of her exports of manufactures, and in turn supply approximately one-fifth of her imports of food and somewhat more than one-fourth of her imports of raw material.

(6) That, as compared with foreign countries, the relative value of the colonies to the United Kingdom, either as a source of supply or as a market for her produce, has scarcely undergone any change during nearly the whole of the last half century; also, that the colonies are becoming more and more independent of her as regards their total import and export trade.

(7) That the proportions of Great Britain's export trade to the protected and unprotected markets have been reversed since 1850, and especially so as regards the category of manufactured goods.

(8) That since 1890 the United Kingdom has experienced an absolute loss in her exports of manufactures to the leading industrial nations, a decline which has, however, been compensated by gains in the neutral foreign markets as well as in her colonies. Moreover, these industrial nations, while taking a smaller proportion of their imports from the United Kingdom in the form of manufactured goods, have considerably increased their exports of such goods to her own market.

The above conclusions regarding Great Britain's relative economic position may best be summed up by viewing her situation from two different standpoints, namely, (1) as a capitalist and seafaring nation, and (2) as a manufacturing and exporting nation. From the point of view of the former, Great Britain's supremacy, as may be inferred from her immense and increasing imports, is still unshaken. In fact, her imports amount to 83 per cent of the combined imports of France, Germany and the United States, and in the year 1902 exceeded her exports by the enormous sum of £184,000,000. Over half the tonnage of the world is to-day in the possession of Great Britain; and more than any other country she may also be described as a "creditor and landlord nation" whose financial supremacy, as has been aptly said, "rests on a far broader basis than the territory of England itself; it draws its strength from the entire world."²⁶

As a manufacturing and exporting nation, Great Britain also stands far in the lead as regards absolute trade figures. Yet here are noticeable tendencies which, in view of the fact that the United Kingdom's industrial welfare is inextricably bound up with her export trade, must give cause for uneasiness. In the first place, her colonies and possessions are more and more becoming independent of her as regards their international trade. Foreign countries in the year 1900 exported merchandise to the extent of £47,000,000 to the self-governing colonies as opposed to £55,000,000 for the United Kingdom itself, and of this amount approximately 68 per cent consisted of products which the United Kingdom produces, and which in large measure she could be expected to export in competition with foreign countries. Secondly, we have noted an absolute decline in the United Kingdom's exports of manufactured articles to the leading industrial nations, while they in turn have considerably increased their exports of such goods to the British market. Moreover, there has been a reversal in the "proportionate distribution of British exports as between the protected and unprotected markets." After making due allowance for all other causes which may have operated towards such a reversal, we must conclude with the British Board of Trade Memoranda that "there can be no doubt as to the effect of Continental and American tariffs in checking Great Britain's export trade, especially in manu-

²⁶ Professor P. S. Reinsch, "Colonial Government," 1902, p. 82.

factured articles, with the group of 'protected countries' during the last two decades.'²⁷ Lastly, Great Britain has permanently lost her monopoly in the manufacturing industry which an early start had given her for many years, and is henceforth obliged to compete with a number of nations whose energy, skill and industrial efficiency have in recent years risen to a level with her own, if not exceeded her in certain cases, and which, while protecting their own markets against Great Britain's manufactures, are constantly seeking a wider market in the neutral countries as well as in the British colonies. It is but a matter of time when Great Britain, if she wishes to hold her own against the combined competition of the leading industrial nations, will either have to face them openly in an attempt to overcome their inroads upon her export trade through superior skill or industrial organization or otherwise be forced over to a policy corresponding to that of her protected rivals. If she decides to choose the latter course, it seems in all probability that she may best avoid the brunt of foreign competition by attracting to herself commercially, through restrictive measures, that vast and choice part of the world which is now bound to her politically.

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²⁷ "British Board of Trade Statistics on British and Foreign Trade," 1903, p. 16.